

## PERSI and the stock market

### Benefits are 100% guaranteed

PERSI, like all other investors, is being affected by the volatile stock market. Fortunately, thanks to smart investing by the Retirement Board and our Chief Investment Officer, PERSI's losses are about one-half of what the markets are experiencing. Where the stock market may be down some -16%, PERSI's investment losses are about -8%.

Even with these losses, all PERSI benefits are still 100% guaranteed. Retirees will continue receiving their same monthly pension payments. These will not be reduced in any way. The benefits already earned by all active

members are also guaranteed. PERSI has sufficient funds to pay promised benefits because we receive more in contributions than is paid out in benefits and still have some \$5.8 Billion in the bank to cover earned benefits.

Some changes to the system may be required, however, due to the downturn. This fall, the Retirement Board, by law, must consider raising contribution rates for active members and employers. Any rate increases would not begin until fall of 2003 at the earliest, and would likely begin in January 2004. We know this may affect your budgets, so we will keep you

informed of any developments.

Retiree COLAs (Cost of Living Adjustments) may also be affected somewhat. Retirees will receive a mandatory 1% COLA in March of 2003. However, additional COLAs are dependent upon our funding status. Right now, the Consumer Price Index (CPI) on which the COLA can be based, is 1.1%.

These negative returns can be expected to happen once every 10 - 20 years. Our investment planning horizon spans 60 - 100 years, and we are prepared to ride it out.

#### Joe Cormier

**Fear factor:** "Mildly concerned"

**Occupation:** Deputy sheriff, Ada County

**Age:** 32

**Household income:** Under \$50,000

**Planned retirement age:** about 55

**Portfolio loss over past 28 months:** 10 percent

"We're still young enough where we haven't invested much, so we haven't lost much. We moved here recently from San Diego and used some of our (savings) for things for our house, like a hot tub. Just owning a home is working for us right now."

"We have a deferred compensation program at work, above and beyond PERSI, where we contribute a portion of our income. I've kept 70 percent in high risk since I still have 20 to 25 more years to go in the department. Having a pension makes you feel better about how things are going."

### News article shows PERSI members feel secure

The Idaho Statesman recently asked people how they felt about the stock market these days. Two of the six people featured are

PERSI members - and very intelligent ones at that - because their statements show that they know their PERSI retirement benefits are secure.

#### Rich Moore

**Fear factor:** "Concerned to a small degree"

**Occupation:** Retired

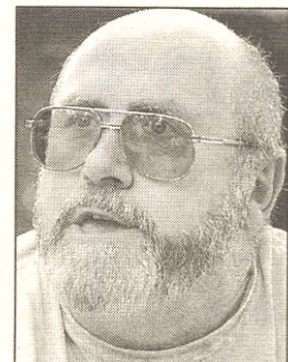
**Age:** 55

**Household income:** \$50,000 to \$100,000

**Portfolio loss over past 28 months:** "I haven't lost a dime."

"If you're going to toss the dice and take a risk like that, then you have to be ready for the consequences. Everyone loved it when the market was headed to the moon. But the only wise thing to do is to diversify. Anyone with all their money in the stock market was pretty much asking for trouble."

"I worked for the state Department of Transportation, so I get a pension from PERSI. We don't have a lot of outside (investments) aside from a small IRA. We own a couple of pieces of property, and that's something that will always be there."



## Member handbooks to be mailed to homes in September

In September, all active members will be receiving new 2002 PERSI Member Handbooks.

This year, for the first time, we will be mailing the handbooks to member homes. This will save you the time and effort involved in distributing the majority of the books.

If we do not have member home addresses, the handbooks will be sent to you for distribution. To ensure that as many books as possible are sent to the home addresses, please be sure that addresses are up-to-date on your PERSI transmittal.

This new 2002 edition covers all aspects of the Choice Plan and the Base Plan.

If you would like to have additional copies on hand to give to new hires, you may request them from Betsy at 334-2451 x297 or bgriffit@persi.state.id.us. The new handbooks will be available in September.

We produce new Member Handbooks every two years.

## Member annual Base Plan Benefit Statements to be mailed in September/October

In September and October, all active members will be receiving their annual Base Plan Benefit Statements

These will also be sent to home addresses, if available, or via you if we do not have correct home addresses.

## News to Use to stay paper and electronic

### Many of you prefer receiving hardcopies

Last month we said we were considering going all electronic with News to Use, but asked you to vote for paper or electronic distribution.

Many of you responded, and while many of you prefer electronic, a good number also prefer hardcopies or both.

Perhaps in another year or so we will reconsider the distribution, but for now, we will continue with both electronic and hardcopy.

Thank you to all of those who responded to our question.

---

### Transmittal questions? Call us. We're glad to help

We realize that transmittals can be confusing, and we want to help you make sure you get them right before sending them in. Choice Plan contributions, in particular, need to be reported correctly when sent. Otherwise, we cannot credit your employees' Choice Plan accounts in a timely manner.

If you have any questions whatsoever on your PERSI transmittals, please contact your PERSI Financial Technician at 334-3365 at any time.

Find our new  
**Choice Plan Employer Guides** and **Transmittal Reporting Manual**  
on-line at

**[www.persi.state.id.us](http://www.persi.state.id.us)**

Look under **Employer Information**